

VZCZCXRO7669
RR RUEHAG RUEHDA RUEHDF RUEHFL RUEHIK RUEHKW RUEHLA RUEHLN RUEHLZ
RUEHROV RUEHSR RUEHVK RUEHYG
DE RUEHAK #2143/01 1091128
ZNR UUUUU ZZH
R 191128Z APR 06
FM AMEMBASSY ANKARA
TO RUEHC/SECSTATE WASHDC 4949
INFO RUCPDOG/USDOC WASHDC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUEHZL/EUROPEAN POLITICAL COLLECTIVE

UNCLAS SECTION 01 OF 02 ANKARA 002143

SIPDIS

USDOE FOR CHARLES WASHINGTON
USDOC FOR 4212/ITA/MAC/CPD/CRUSNAK
STATE ALSO FOR EB/CBA FRANK MERMOUD

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [ENRG](#) [EINV](#) [BEXP](#) [TU](#)
SUBJECT: TURKEY - PRIVATE SECTOR NUCLEAR ENERGY SUMMIT

REF: A) ANKARA 7390

B) ANKARA 1581

Sensitive But Unclassified. Please handle accordingly.

¶1. (SBU) SUMMARY: In an April 13 meeting with Turkish energy companies, Energy Minister Hilmi Guler proposed a public-private partnership (PPP) model to be used in building Turkey's first nuclear power plant, with a pilot plant to be built in the Black Sea province of Sinop. Both Guler and State Minister Ali Babacan ruled out official Treasury financial guarantees for the project, but said the GOT would provide partial electricity purchase guarantees to investors. U.S. companies will be excluded from this project unless the Department moves the U.S.-Turkey Peaceful Uses of Nuclear Energy agreement to the Hill for ratification (Ref A). End summary.

¶2. (SBU) Representatives of Koc, Sabanci, Zorlu, Enka, Calik, Gama, Akkok, Ak Energy, Alarko, Tekfen, Dogus, Guris, Nurol and Habas (a "who's who" list of major energy players in Turkey) met April 13 with Energy Minister Guler on launching Turkey's nuclear power program. In a press statement after the meeting, Guler stressed that the GOT viewed this as part of a critical effort to develop nuclear technology in Turkey, not simply construction of a nuclear plant. The Minister said the GOT envisioned a 5,000 MW investment package for multiple nuclear power plants over time, with this number potentially increasing to 7,000-8,000 MW. Guler also disclosed the GOT's intent to build the first nuclear plant as a smaller pilot facility (400-500 MW) near the Black Sea coastal city of Sinop. According to site evaluations by the Turkish Atomic Energy Agency (TAEK), Sinop met most of the 43 criteria for locating a nuclear power plant.

¶3. (SBU) Guler said the GOT aimed to use the "Irish investment model" of a public-private partnership (PPP), which was reportedly well-received by the companies. Both Guler and State Minister Ali Babacan, who also participated in the meeting, ruled out Treasury guarantees for potential investors, but said the GOT would provide partial electricity purchase guarantees.

¶4. (SBU) Guler said the GOT was not planning to hold a tender for the nuclear plant project, but would "set the rules of the game" through discussions and negotiations with companies. As selection criteria, the minister listed the GOT's priorities as early finalization, local

content, fuel technology and technology transfer. While Guler was reluctant to comment on the specific technology targeted for the nuclear plant, other reports indicate that the GOT aims to employ natural uranium and "pressured water reactor technologies" in generating nuclear power in Turkey.

15. (SBU) The GOT's decision to construct the nuclear power plant in Sinop was criticized by various circles, including residents of Sinop, who followed the example of residents of the Akkuyu region in southern Turkey, which opposed construction of a power plant in their region in the late 1990s. Akkuyu residents criticized the GOT for expropriating land without compensation and for failing to keep employment promises. The residents of Sinop are planning a protest on April 29, the anniversary of the 1986 Chernobyl nuclear disaster. In addition, the Turkish Electrical Engineers Chamber criticized the GOT's adopting nuclear power at a time the world is allegedly reducing the use of this resource in energy generation.

16. (SBU) Comment: The GOT seems to be serious in its efforts to introduce nuclear power to Turkey's energy mix. Turkey's forecasted energy shortage and growing reliance on energy imports -- both increasingly the subject of public debate -- drive this decision. Given the large amounts of investment and technical expertise that will be required to realize the nuclear dream, foreign partners/providers will be critical and their reaction is still unclear (although many have been talking to the GOT). U.S. Companies such as GE and Stone and Webster appear interested; the interest and status of Westinghouse (recently acquired by Toshiba) is less clear (ref B). U.S. companies/technology will not be able to participate if the US does not ratify the US-Turkey Peaceful Uses of Nuclear Energy Agreement (ref A).

ANKARA 00002143 002 OF 002

Details on the nuclear power plant model and the GOT's role and commitment still need to be fleshed out. Given current law on energy investments and financial pressures, the GOT is seeking to avoid Treasury guarantees. The environmental and not-in-my-back-yard public resistance may also be a serious obstacle. Nuclear waste management is also likely to become a major issue.
Wilson